

Five Forces Worksheet

Print the page for the matrix below. Then write in broadly framed descriptions for each force shaping your company's competitive landscape. Finally, select the one or two (at most three) you want to argue are the primary driving force or forces shaping that competitive landscape. Don't get lost in details but do think very concretely about each force. Note that I have changed Porter's B2B term "buyer" to the retail term "consumer" for the sake of this analysis.

In some cases a force either does not apply or can be discounted because it effects all players equally. The only real "supply" problem faced by social networks, for example, is buying or renting servers to host their programs, a cost which is roughly the same for each service. "Supplier power" therefore plays a marginal role in the social networking competitive landscape. Consumer power, however, does play a significant role because users can easily switch services, unlike in the mobile phone marketplace.

In other cases, a force works one way for one company and another way for a different company. Steve Jobs, for example, leveraged the market share dominance of the iPod to force the recording industry to capitulate and accept single track fixed pricing for iTunes. That industry, however, has refused to capitulate in negotiations with online radio companies. Thus the power of the same supplier has been negated in one market but still shapes the landscape in another.

Don't forget the "threat" component of new entrants and substitute products. Those threats may never materialize, but they can still exert a profound effect on a landscape. Google will not give up YouTube because it refuses to allow Microsoft to gain a toehold in the online video landscape.

Finally, landscapes tend to be driven either by vertically aligned forces (new/substitute) or horizontally aligned forces (supplier/ consumer). Comcast, for example, must pay attention to new and substitute video services. It's competitive landscape, however, is shaped by very strong horizontally aligned forces: the power of content suppliers, its direct rivalry with Verizon FiOS, and the ability of consumers to switch because they don't sign long term contracts.

Five Forces Matrix for_____

